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State Dept. review completed

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MEMORANDUM FOR THE RECORD

SUBJECT: Meeting of MacFarlane Group on Libya

1. On 6 November 1981, the MacFarlane-chaired group on Libya met from 1715 to 1745 hours. The undersigned and NIO/NESA attended for the Agency. MacFarlane said he hoped to get an omnibus paper on political, military and economic options vis-a-vis Libya circulated to the principals by approximately 12 November. He is planning for a SIG meeting sometime during the week of 16 November to consider the policy paper, following which the paper will be presented to the NSC for approval.

2. Summarizing the commentaries received so far on the political, economic, military and informational drafts, MacFarlane said that though many valid points had been raised, he detected overall a bearishness on doing anything against Qadhafi. Indicating he was under some pressure from the Secretary on this issue, MacFarlane stressed that the U.S. is in a position today of subsidizing someone (Qadhafi) who is opposing U.S. policy initiatives everywhere in the region. Is it reasonable that this subsidization should continue? Among the steps which could be considered, he added, are a) a U.S. oil boycott against Libya and/or b) the complete severance of economic relations between the U.S. and Libya.

3. NEA Bureau (Veliotes) advocated a slowing down of consideration of an oil boycott, as this had been originally conceived as being hinged on a Libyan withdrawal from Chad. This withdrawal, now apparently underway, could be complicated by a U.S. action on the oil front.

4. The undersigned opined that the Egyptian Government's current interest in a military option against Libya would be minimal, as Mubarak is preoccupied with strengthening his position internally against subversion.

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5. Summing up what he considered to be U.S. objectives in this endeavor, MacFarlane said we should aim at:

- a. Isolating Qadhafi.
- b. Exploiting his vulnerabilities so as to contract his influence.
- c. Improving the ability of states threatened by Qadhafi to defend themselves.



Chief, Near East and
South Asia Division

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